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# **Hybridity in Social Innovation and Entrepreneurship. State of the Art and Theoretical Challenge**

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## **Abstract**

The paper seeks to contribute to the understanding of social innovation and entrepreneurship, with particular reference to the issue of hybridity. It builds on insights and categories accumulated in the existing literature on social innovation and entrepreneurship. The analysis identifies a hybridity criterion that is subsequently applied to the construction of a more detailed and consistent social-forprofit hybrid spectrum than those proposed so far. It also identifies major theoretical challenges and suggests a generalized version of the hybridity criterion that may prove potentially fruitful to advance our understanding towards dynamic hybridity and multi-sectoral social innovation alliances.

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# Hybridity in Social Innovation and Entrepreneurship: State of the Art and Theoretical Challenge

## 1. Introduction

In recent times, two overlapping fields of enquiry have emerged: social entrepreneurship and social innovation. As all new fields, they are amply populated by new definitions seeking to establish their content and borders. So far most of the literature has adopted the term social entrepreneurship, while other authors make no distinction and yet others prefer to focus on social innovation (Phills *et al.*, 2008). There is consensus, however, that the fields are just emerging with plenty of fragmented contributions and a lack of well-defined theoretical body. (Mair and Marti, 2006; Weerawardena and Mort, 2006) One example is the prominence of field-defining definitions that sometimes are so broad as to contain almost anything, and some other times arbitrarily delimit the field in accordance with the purposes of the authors. Another example is the rather weak problematization (treatment) of widely used concepts, for instance: *hybrids*. This latter concept is central because processes of social innovation and entrepreneurship are often multi-sectoral, that is, they blend aspects that are traditionally associated with different sectors, such as the social and forprofit sectors. In fact, two convergent forces have been in operation in the last two or three decades, spurring organizations from the social and forprofit sectors to adopt practices previously perceived as the exclusive province of the separate sectors. These forces are: (1) the resource gap created by the diminished role of the state and the simultaneous increase in the number of, and competition between, organizations working for social ends. (Leadbeater, 1997; Weerawardena and Mort, 2006; Mulgan *et al.* 2007); and (2) the movement of for-profit companies towards corporate social responsibility and, beyond, strategic corporate social responsibility or philanthropy (Smith, 1994; Porter and Kramer, 2006) or corporate social innovation (Kanter, 1999).

This paper seeks to contribute to the understanding of social innovation and entrepreneurship, with particular reference to the issue of hybridity. It builds on insights accumulated in the

existing literature on social innovation and entrepreneurship. Thus, in the social sector, the literature tells about various types of socially-driven hybrids such as social enterprises with complementary trade, affirmative trade, direct service trade, etc. In turn, in the profit-driven sector, it tells about forprofit hybrids such as firms with corporate social responsibility, corporate philanthropy, for-profit philanthropy, corporate social innovation, etc. The paper uses these categories to create a spectrum of social-forprofit hybridity of greater detail than those hybrid social-forprofit spectra proposed so far. A review a various existing spectra precedes the presentation of the new spectrum.

The argument is structured as follows: first, a very brief review of relevant literature discusses the concepts of social innovation and entrepreneurship, setting the scene for the main section that examines in-depth the issue of hybridity in social innovation and entrepreneurship. This main section deals separately with organizational hybrids from the social and the forprofit sectors; it also indicates the existence of further sectors of importance to social innovation and entrepreneurship (i.e., the public and community sectors). The discussion continues with an examination of existing concepts of social-forprofit spectrum, identifying the fundamental criteria that define the construction of each of the spectra. The final section selects the most appropriate criterion and applies it to the construction of a new more detailed social-forprofit spectrum that incorporates all the hybrid organizational types found in the review of literature.

## **2. Brief Review of the Concepts of Social Innovation and Entrepreneurship**

Table 1 shows a small selection of definitions, taking into account that there are many more of them. A glance at the definitions of social innovation on the left of Table 1 reveals a number of key ingredients. First, from the field of technological innovation, one finds the largely accepted definition that innovation is the combination of creativity or invention plus implementation or putting ideas into practice (Von Stamm, 2003; Deschamps, 2008; Trott, 1998). Some authors try to define further the nature of social innovation as *“a novel solution that is more effective, efficient, sustainable, or just than existing solutions.”* (Phills

*et al.*, 2008; see also Christensen *et al.*, 2006) The overarching defining factor of social innovation, however, is “the social”, that is, the fact that the innovation must be motivated by, and focused on, unmet social needs, problems, goals and change. For some authors this means innovation in social relationships, social organization and governance (Mumford, 2002; see also SINGOCOM 2004); Instead, for Phills *et al.* (2008), ‘the social’ translates into who benefits, that is, “*the value created accrues primarily to society as a whole rather than private individuals.*” Thompson *et al.*, (2000) add that this benefit is actually to empower disadvantaged people and encourage them to take greater responsibility for, and control over, their lives. Regarding sectoral involvement, Mulgan (2006) introduces the idea that the diffusion of social innovations happens predominantly “through organizations whose primary purposes are social,” while Thompson *et al.*, (2000) sees them as “community initiatives” and Bacon (2008) notes that they are not restricted to anyone sector or field since many are supported by the public sector, others by community groups and voluntary organisations.



**Table 1. Selection of Definitions of Social Innovation and Social Entrepreneurship**

Social Innovation	Social Entrepreneurship
<p><i>"A novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals."</i> (Phills et al., 2008, p.36)</p> <p>"innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly diffused through organizations whose primary purposes are social." (Mulgan, 2006, p.146)</p> <p>"new ideas (products, services and models) developed to fulfil unmet social needs. Many are supported by the public sector, others by community groups and voluntary organisations." (Bacon et al., 2008, p.13)</p> <p>"new, creative and imaginative community initiatives. The need is to innovatively develop new forms of social capital which, in turn, will help empower disadvantaged people..." (Thompson et al., 2000, p.329)</p> <p>"the generation and implementation of new ideas about social relationships and social organization." (Mumford, 2002, p.253)</p> <p>Catalytic innovations are a subset of disruptive innovations, distinguished by their primary focus on social change, often on a national scale. ... catalytic innovations can surpass the status quo by providing good enough solutions to inadequately addressed social problems." (Christensen et al., 2006, p.96)</p>	<p><i>"innovative, social value creating activity that can occur within or across the nonprofit, business, or government sectors."</i> (Austin et al., 2006, p.2)</p> <p>"process that catalyzes social change and addresses important social needs in a way that is not dominated by direct financial benefits for the entrepreneurs." (Mair and Marti, 2006, p.36)</p> <p>"strives to achieve social value creation and this requires the display of innovativeness, proactiveness and risk management behavior. This behavior is constrained by the desire to achieve the social mission and to maintain the sustainability of the existing organization." (Weerawardena and Mort, 2006, p.32)</p> <p><i>"efforts to solve intractable social problems through pattern-breaking change"</i> (Light, 2008, p.12)</p> <p>"activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner." (Zahra et al., 2008, p.118)</p> <p>"(1) identifying a stable but ... unjust equilibrium that causes the exclusion ... of a segment of humanity; (2) identifying an opportunity, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state...; and (3) forging a new, stable equilibrium ... through the creation of a stable ecosystem ... ensuring a better future for the targeted group and even society at large." (Martin and Osberg, 2007, p.35)</p>

In turn, definitions of social entrepreneurship reveal a great deal of similarities but also differences with definitions of social innovation. First, they fall back on general definitions of entrepreneurship where the first defining elements are the creation of wealth, value and

growth (Certo et al. 2001; Hisrich and Peters, 2002) through processes of discovery and/or creation, evaluation, and exploitation of opportunities by individuals who discover and/or create, evaluate, and exploit them. (Shane and Venkataraman, 2000; Schendel and Hitt, 2007). Thus, social entrepreneurship also creates value but - as with social innovation - the defining factor is, again, “the social,” be it in the form of social value creating activity (Alter, 2007; Austin et al., 2006; Dees et al., 2002; Weerawardena and Mort, 2006), or social wealth enhancing activities (Zahra et al., 2008), or solving intractable social problems (Leadbeater, 1997; Light, 2008; Cochran, 2007), or catalyzing social change and addressing important social needs (Mair and Marti, 2006), or, finally, changing an unjust social equilibrium for a new stable equilibrium that ensures a better future for a group and even society at large (Martin and Osberg, 2007; Light, 2008). An important aspect of social entrepreneurship is that social change tends to be seen as “pattern-breaking” on a wide-scale, ideally national or global scales, but it is also recognized that changes that break entrenched harmful patterns even in small communities are also valid social entrepreneurship (Light, 2008). In this context, Light (2009) reminds us that even “the greatest ideas often start small, but eventually expand to break the social equilibrium.” (p.22) Finally, as with “social innovation,” social entrepreneurship is not confined exclusively to a single sector, it *“can occur within or across the nonprofit, business, or government sectors.”* (Austin et al., 2006, p.2)

In summary, the definitions of social innovation and social entrepreneurship just reviewed show a great deal of synergy and tell us about (a) the close relation to business innovation and entrepreneurship, (b) the broad focus on social needs, problems, wealth, etc., and (c) the various sectors where it can start and occur: nonprofit, business, government and community sectors. Other scholars even include the household as a place for potential birth of social innovation (Leadbeater, 1997) In short, everywhere.

### **3 Hybridity in Social Innovation and Entrepreneurship**

Historically, before its use in the literature of social innovation and entrepreneurship, the concept of “hybrids” has for long been central to the literature of transaction cost economics

(TCE) and strategic management, particularly, concerning inter-organizational strategic alliances in the profit-driven sector. Transaction cost economics focuses on the governance of inter-firm transactions and conceptualizes all inter-firm alliances as hybrids since they stand in between the two polar categories of markets and hierarchies (Williamson, 1991, 2000). Thus, a large amount of organizational arrangements, including joint ventures, R&D agreements, and networks, fall inside the broad limits of “hybrids.” In some respect, this diminishes the usefulness of the concept, since it becomes the repository of all types of inter-firm alliances. Indeed, some authors have tried to extend the treatment of hybrids in TCE (Borys and Jemison, 1989; Garrette and Quelin, 1994; Hennart 1993), while others have found it more appropriate to deal with the variety of hybrid organizations on their own terms (Powell, 1987). Thus, among the concepts discussed by different authors are networks (Jarillo, 1988; Thorelli, 1986; Hakansson and Ford, 2002; Wilkinson and Young, 2002), bureaucracies and clans (Ouchi, 1979, 1980; Alvesson and Lindkvist, 1993), business groups (Hamilton and Feenstra, 1998; Feenstra *et al.*, 2003; Granovetter, 1998), heterarchies (Girard and Stark, 2003), constellations (Gomes-Casseres, 2003).

Hybridity in social innovation and entrepreneurship rarely makes reference to the market-hierarchy hybridity of TCE. And in the case in which this has been done, it has been to use the three transaction-based governance types of organization: markets, hybrids, and hierarchies to the different stages of the social innovation process. Thus, “I argue that each of these forms of governance is appropriate for one of the specific stages through which a process of innovation must pass.” (O’Malley, 2009, p.1) Hybridity is then left untouched. One reason for this apparent difficulty is that hybridity in social innovation is not as much between market and hierarchies in a single sector (profit-driven sector) but between organizations blending purposes and activities from two or more sectors. Hybridity in social innovation, however, suffers from a similar problem to that in TCE, namely, that the field has yet to develop the conceptual tools to deal with the issue in a more accomplished way than has happened so far.

### **3.1    *The Social Entrepreneur as Hybridity-builder***

An important part of the writings on social entrepreneurship has concentrated on the special characteristics of the social entrepreneur (Bornstein, 2004; Dees, 2001; Dees et al., 2002; Leadbeater, 1997; Prabhu, 1999; Smith, 2005; Peredo and McLean, 2006). Dees (2001) describes the ideal type of social entrepreneur as an agent in the social sector who is mission-driven to create and sustain social value; recognizing and relentlessly pursuing new opportunities; engaging in a process of continuous innovation, adaptation, and learning; acting boldly without being limited by resources currently in hand; and exhibiting heightened accountability to the constituencies served. For Bornstein, social entrepreneurs are social innovators, that is, “transformative forces: people with new ideas to address major problems who are relentless in the pursuit of their visions, people who simply will not take “no” for an answer, who will not give up until they have spread their ideas as far as they possibly can.” (Bornstein, 2004, p.1) Likewise, Light (2009) sees them as “driven by a persistent almost unshakable optimism. They persevere in large part because they truly believe that they will succeed in spite of messages to the contrary.” (p.22) In turn, Leadbeater (1997) focuses on the output, core assets, organization and work of social entrepreneurs. Thus, their output is social: health, welfare and well-being; their core assets are forms of social capital: relationships, networks, trust and co-operation, and through them physical and financial capital; their organizations are social: profit is not their main objective and they are not owned by shareholders. They are often community entrepreneurs, but they can also be found in parts of the traditional public sector, at the most innovative edge of the voluntary sector and in some large private sector corporations. The latter are Bishop and Green (2008)’s “philanthrocapitalists” who apply business methods to a philanthropy that “is “strategic,” “market-conscious,” “impact-oriented,” “knowledge-based,” often “high-engagement,” and always driven by the goal of maximizing the “leverage” the donor’s money.” (p.6)

These characterizations of social entrepreneurs certainly describe a rather special type of person and, explicitly or implicitly, recognize that a key part of their skills and activities consists in bringing together the resources of many organization, creating “hybridity” in the

form of networks, partnerships, alliances and even movements that reach far in terms of spread and impact. Thus, Dees (2001) points out that social entrepreneurs are not limited “by resources currently in hand,” while Bornstein (2004) tell us that they do not give up until they spread their ideas “as far as they possibly can.” The key to this characteristic is obviously not in the social entrepreneur trying to build all the resources by himself/herself but by engaging and aligning others in possession of those resources. Most frequently, this means acting as “hybridity-builder” by engaging players from multiple sectors and/or engaging in blends of activities that normally “belong” to different sectors. Kramer (2009) is explicit on this point as he adds the concept of “[c]atalytic philanthropists ... [who] ... have the wherewithal to heighten awareness, raise expectations, and coordinate the many disparate efforts of other funders, nonparents, corporations, and governments” (p.34). Leadbeater (1997) is also explicit about this hybridity-building activity in his identification of the core assets of social entrepreneurs as “forms of social capital: relationships, networks, trust and co-operation.” This is what they build to make a success of their processes of social innovation and, furthermore, no single sector has the “exclusivity” of originating processes of hybridity-building; their origins may be found in different sectors (i.e., community, voluntary, public and private sectors).

### **3.2 Organizational Hybridity in Various Sectors**

Moving from the individual “hybridity-builder” to organizational hybridity in social innovation, the literatures on social innovation and entrepreneurship have one basic message to give, namely, there is no universal, value-creation and organizational model of social innovation and entrepreneurship. As Mair and Marti (2006) put it: “the choice of set-up is typically dictated by the nature of the social needs addressed, the amount of resources needed, the scope for raising capital, and the ability to capture economic value.” (p.39) By extension, it is possible to state that there is no single best-practice model of *hybridity* in social innovation.

It is fair to say that the existing literature on social innovation and entrepreneurship has tended to focus on single organizations, particularly, organizations from the socially-driven

and profit-driven sectors. In fact, various authors situate these organizations along a spectrum of different blends of social and profit-driven purposes and activities (Peredo and McLean, 2006; Alter, 2007; Emerson, 2003). In this section, the discussion examines different views on the spectrum formed by the social and for-profit organizations; while exploring the relevance of considering two other sectors: the public and community sectors.

### *3.2.1 Social Sector*

In the socially driven part of the social-forprofit spectrum, there is one type of hybrid organization that has acquired major prominence. This is the “social enterprise” that broadly refers to that class of organizations pursuing social goals, at least partly, through trade and profit-making business. (Alter, 2007; DTI, 2002, 2003; Kasim and Hudson, 2006; Mason et al., 2007; McCabe and Hahn, 2006; Thompson, 2002; Thompson and Doherty, 2006). Thus, a “social enterprise is a business that trades for a social purpose.” (SocialFirms, UK, 2008) or “organisations seeking business solutions to social problems.” (Thompson and Doherty, 2006) In this view, social enterprises are hybrids pursuing two bottom lines (Certo and Miller, 2008) – social value and profits– and showing the following characteristics: “use business tools and approaches to achieve social objectives; blend social and commercial capital and methods; create social and economic value; generate income from commercial activities to fund social programs; market-driven and mission-led; measure financial performance and social impact; meet financial goals in a way that contributes to the public good; enjoy financial freedom from unrestricted income; incorporate enterprise strategically to accomplish mission.” (Alter, 2007, p.15) The hybrid social and economic value of the social enterprise differentiates it from the traditional nonprofit operating on a voluntary basis and relying on donations and grants as well as from the nonprofit organization having some income generation activities but not the entrepreneurship and innovativeness of social enterprises. In turn, the dominant social drive of the social enterprise differentiates it from profit-driven enterprises that may also be blending economic and social value.

Social enterprise, however, is an “umbrella” concept encompassing a variety of more specific

hybrid social-forprofit organizational forms. Boschee (1995), for instance, distinguishes two types of social enterprises: “affirmative business” that provides jobs, competitive wages, and career opportunities for disadvantaged people (physically, mentally, economically, educationally); and “direct service business” that serves a disadvantaged population such as trouble kids, drug addicts, the terminally ill, etc. Affirmative business are also known as “social firms” and, they must have at least 25% or one-third of the workforce made up of disable people and make up 50% or more of their income through sales (Jeffery, 2005; Alter 2007). Social firms operate in a range of trades, including travel agencies, printing, mobile cleaning, guesthouses, health food retail outlets and catering. Another distinction is between “integrated” and “complementary” social entrepreneurship (Fowler, 2000). *Integrated social entrepreneurship* exists where “economic aspects of an organisation’s activities are expressly designed for, and do generate, positive social outcomes ...[that is]... surplus-generating activities simultaneously create social benefits.” (p.645) *Complementary social entrepreneurship* exists where “generating surpluses do not produce social benefits but are simply a source of cross-subsidy ...[for]... development activities that are in themselves not economically viable.” (pp.646-647)

“Social enterprises” also take various legal structures depending on activities that McCabe and Hahn (2006) organize (for the case of the UK) into four areas: (a) companies with social objectives, (b) ‘protected’ employment initiatives, (c) community and ‘alternative’ finance systems, and (c) ethical finance and banking companies. Specific types of organizations include social businesses, social firms, charity trading-arms, development trusts, workers co-operatives, housing associations, credit unions, local economic trading schemes, community businesses, community development corporations (CDC) (investing in job creation, business development, real estate and affordable housing in target communities), community interest company (CIC) in the UK (offering social enterprises a bespoke legal form that reconciles the inherent tensions between having a business focus and providing social benefit), as well as fair trade to help the development of producer communities in the Third World (SocialFirms UK, 2008; Alter, 2007; Mason *et al.*, 2007; McCabe and Hahn, 2006). Finally, the social enterprise transcends traditional nonprofit areas and applies



as equally to health, environment, education and social welfare as it does to economic development or job creation programs.” (Alter, 2007, p.10)

A particular form of social enterprise is the “social business” promoted by Nobel Prize Muhammad Yunus. These are profit-making businesses whose activities seek to improve the livelihood of the poor by tackling problems such as malnutrition as well as creating job and development opportunities. In this definition, Yunus’ social business can also be seen as an “integrated direct service” business. Yunus, however adds the feature that the social business’ profits are not used to provide dividends to investors, but are rather reinvested in the social business. Investors can at the most recover their investment in ways agreed with the social business. This allows them to reinvest in the same or in another social business, while still keeping ownership in the original social business. In Yunus’ words: “A social business is a company that is cause-driven rather than profit-driven, with the potential to act as a change agent for the world. ... It is a business in every sense. It has to recover the full costs while achieving its social objectives” (Yunus, 2007, p.22). In short, it is “*a non-loss, non-dividend business.*” (p.23)

Not everybody shares the “non-dividend” element of Yunus’ social business. Schultz (2009), for instance, defines social businesses as enterprises that have a dual bottom line of financial sustainability and social profit, but “we think if there are profits to be had from a social business, they can be shared with both investors and the organization.” (p.1)

In the next section, we shall see that this socially-driven, non-dividend, social business is only one type of social business proposed by Yunus. A second type would be a profit-driven company owned by the poor. Thus, “[e]ven profit-maximizing companies can be social businesses when owned by the poor.” (Yunus, 2009, p.11) These two types of social businesses will be differentiated as SB Type 1 (socially-driven) and SB Type 2 (profit-driven).

### 3.2.2 Profit-driven Sector



In the profit-driven sector the basic organization is not in dispute: it is the forprofit firm. Profits are the primary source of both the economic sustainability and social activities of firms, small or large, national or multi-national. As such, most of the attention on the organizational dimension of social innovation in the profit-driven sector has concentrated on the different forms of participation in social activities adopted by forprofit organizations (Alter, 2007; Hammond and Prahalad, 2004; Kanter, 1999; Peredo and McLean, 2006; Porter and Kramer, 2002, 2006; Prahalad, 2004; Prahalad and Hammond, 2002; Prahalad and Hart, 2002; Smith, 1994). These forms of social participation go from traditional philanthropy disassociated from strategic economic activities to corporate social innovation that aligns social-value activities to strategic economic activities. In short, the issue is the way the firm integrates the social-value activities with their dominant profit-making activities. This gives rise to variety of approaches shown in Table 2, each with more or less integration between social-value activities and core profit-making activities.

<b>Table 2. Social-value Approaches of Profit-driven Organizations and Their Relationship to their Core Profit-making Activities</b>	
<b><i>Social-value approach</i></b>	<b><i>Relationship with core profit-making activities</i></b>
<p>Corporate Social Responsibility (CSR)</p> <ul style="list-style-type: none"> <li>-good citizenship (Frederick, 1994, Porter and Kramer, 2006)</li> <li>-enhanced reputation and image (Porter and Kramer, 2006)</li> <li>-enlightened self-interest (Porter and Kramer, 2006)</li> <li>-licence to operate (Porter and Kramer, 2006) or <i>corporate social responsiveness</i> (Frederick, 1994)</li> <li>Corporate philanthropy (Porter and Kramer, 2002)</li> </ul>	<ul style="list-style-type: none"> <li>-Responds to moral appeal. Little relationship to core profit-making activities.</li> <li>-Pursues good branding and workforce pride. Little relationship.</li> <li>-Applies double or triple-bottom line. Little relationship if done superficially</li> <li>-Responds to criticism and seeks to placate pressure groups. Little relationship.</li> <li>Strategic use of CSR to improve competitive context. Significant relationship.</li> </ul>

Corporate social innovation (Kanter, 1999), strategic philanthropy (Smith, 1994), strategic CSR (Porter and Kramer, 2006)	Strategic alignment of social-value activities with development of their core R&D capabilities and markets. Strong relationship.
For-profit philanthropy (Reiser, 2008)	Full company division tasked with pursuing philanthropic goals, employing a mix of methods from grant-making to internal research, as well as investments in other relevant companies. As part of the company, the philanthropic division has direct access to the resources of other divisions in the company.
Social Business Type 2 (Yunus, 2007)	Profit-maximizing businesses owned by poor people who are the shareholders. The social benefit comes in the form of dividends that help reduce or eliminate the poverty of the shareholders. <i>Strong</i> relationship when the business' good and services create social benefits as well. <i>Significant</i> relationship when the business' goods and services do not aim to create social benefits.
Bottom-of-the-pyramid (BPO) approach (Hammond and Prahalad, 2004; Prahalad, 2004; Prahalad and Hammond, 2002; Prahalad and Hart, 2002)	Alignment of one or multiple multinationals' profit-making products, services, processes, business models, organization and governance to the potential markets represented by the 4 billion poor people who earn less than \$4 dollars a day. Strong relationship.

Clearly the message from Table 2 is that firms implementing “corporate social innovation” (or strategic philanthropy, strategic CSR), “for-profit philanthropy,” and “bottom-of-the-pyramid” approaches are those that produce optimum alignment between social-value and economic-value activities. This does not mean that the other approaches are not useful. It simply means that both the economic benefit for the firm and the social benefits for communities are likely to be the highest with, for instance, “corporate social innovation” and “for-profit philanthropy.” With the former approach, the community’s needs become “opportunities to develop ideas and demonstrate business technologies, to find and serve new markets, and to solve long-standing business problems.” (Kanter, 1999, p.124) Reciprocally, the “community gets new approaches that build capabilities and point the way to permanent improvements.” (ibid., p.132) In turn, with “for-profit philanthropy,” the community benefits from an operation that “brings business acumen and a desire for

efficiency, speed, and knowledge management to transform social conditions.” (Reiser, 2008, pp.14-15) To a significant extent, an autonomous philanthropic company division acts like a social enterprise integrated in, and protected by, the environment of a forprofit company. More specifically, it resembles a combination of “direct service business” (social enterprise tackling directly social problems) and “complementary social enterprise” cross-subsidized by the profits generated by the mother company; that is the philanthropic division does not need to worry about self-sustainability since its funds come from the dominant forprofit side of the company.

Finally, Yunus’ (2007) social business Type 2 and “BPO enterprises” engage the entire firm in tackling social problems, although in a different fashion. In SB Type 2, “goods or services produced might or might not create a social benefit. The social benefit created by this type of company comes from its ownership.” (p.28) Of course, if the products/services of this type-2 social business also creates direct social benefits, the relationship between its social-value and its core profit-making activities is *optimal*. In turn, BPO enterprises see in the market of the poor a strategic business opportunity and align one or multiple lines of profit-making products, services, processes, business models, organization and governance to this opportunity.

In the profit-driven sector, the financial sector has also attracted attention through the rise of new forms of social investing. This includes “socially responsible investing” (SRI) that can be traced back to the activist movements of the 1960s and 1970s and seeks to influence the practices and policies of firms through market mechanisms and following strategies such as screening, advocacy, or community investment (Cochran, 2007; Henderson, 2009). More recent is the emergence of socially responsible trading networks or market exchanges that began to appear in the 1980s (Henderson, 2009). These networks base their success on the belief that financial trustworthiness, commitment to environmental and social accountability, and high levels of long-term performance tend to go together. (ibid, p.1) Socially responsible exchanges have also produced “social venture capitalists, who support social ventures by supplying seed money and also engage in a rigorous process of

training future social entrepreneurs (Cochran, 2007, p.452). Social venture capitalists are also known as “venture philanthropists” and “philanthropreneurs” and they “apply market principles to their philanthropic efforts and view grant-making through a venture capitalist lens. They treat charity as “social investment” from which they expect to realize a measured social return (and often a financial return).” (Alter, 2007, p.9) In 2005, social investment represented \$2.3 trillion or nearly 10% of all managed assets in the U.S. (Cochran, 2007; Henderson, 2009).

The investment activities of “social venture capital” have added two new types of organizational, one in the social sector and the other in the profit-driven sector. In the social sector, it has given rise to “a new business model for social entrepreneurs, whereby the entrepreneur can trade operational control of the venture for financial support.” (Certo and Miller, 2008, p.270) Instead, when “venture philanthropy” seeks financial return from investment in various social-value initiatives, then one can consider this operation as venture capital seeking to profit from servicing the social sector, and hence a part of the profit-driven sector. As yet, “venture philanthropy” is rather recent, so “little is known about the decision rules that philanthropic venture capitalists use to select social ventures or how they actually influence venture outcomes (Certo and Miller, 2008, p.270). However, the work on measuring “blended value” (Emerson, 2003; Bonini and Emerson, 2005), as well as REDF’s social return on investment (SROI) tools such as the Performance Dashboard (<http://www.redf.org/learn-from-redf/tools>) may be relevant to decision-making by this type of investors. <http://www.redf.org/learn-from-redf/tools>

### *3.2.3 Public and Community Sectors*

“Today, evidence suggests that the majority of social entrepreneurial work across the globe is funded by public money, whether via direct government contracts ... grants, international aid, or other support from transnational bodies such as United Nations. ... [In addition]... new “state-sponsored” social enterprises are emerging to increase the responsiveness of public services by bringing them closer to their beneficiaries whilst also building new models that are more efficient and creative in the way they use public resources.” (Nicholls and Young, 2008,

So far the discussion has dealt exclusively with organizations from the social and forprofit sectors, but social innovation also sees the participation of organizations from the public and community sectors. Indeed, the quotation above dramatically highlights the importance of the public sector. “Public sector” organizations include all government departments directly running public services such as health, education, social and developmental services at all levels of government (e.g., local, regional, national and international). The international level includes intergovernmental organization, for instance, departments and programmes from the United Nations or the Commission of European Communities. Additionally, the “public sector” includes those organizations directly funded by the state to run local, regional, national and international public services such as education, health, etc. (e.g., schools, universities, clinics, hospitals, etc.). The public sector also encompasses all publicly-owned companies entrusted, for instance, with public services or strategic sectors. Broadly, the declared mission of the public sector is the pursuit of “public good,” commonly with a wealth-redistributive purpose aimed at redressing or at least mitigating the exclusion of socially disadvantaged groups from the benefits of economic growth and development. In fact, for Kitzi (2002), the public sector “is specifically designed to include provisions to account for the well-being of society.” (p.20)

The “public sector” organizations control tax-based public funds and in this sense they are non-profit too. However, in the case of publicly-owned companies they generate their own profits (or losses) and, consequently, share this aspect with the forprofit sector, even if the competitive environment may be quite different. Of course, since tax-raised funds (including those from profitable public-sector companies) are limited, public-sector organizations are normally responsible for only a proportion of social services, leaving much to the initiative of the forprofit and social sectors. In fact, one of the reasons for the fast growth of the social sector in recent years is precisely the diminishing role of the state in the provision of services to the public. Furthermore, even that proportion of services run by public sector organizations is subject to choices of whether to run the services

themselves, or run them along with others, or simply fund others to run them fully. For, “[g]overnment has the ability to contract with either the for-profit sector or not-for-profit sector to achieve desired outcomes.” (ibid.)

Witness, for instance, the growth of public-private partnerships trying to blend public and for-profit motives in the funding and running of services previously under the public sector. The choice very much depends on the politics and policies of incumbent governments as well as on the specific concerns and interests of the bureaucracies in control of the implementation of public services and programmes. In the latter respect, it is important to be aware that bureaucratization tends to subvert the goal of “public good” with public organizations tending to become “an arena for self-serving” rather than “public serving.” Furthermore, organizations from other sectors constantly try to influence this arena through lobbying and representations aimed at directing public policies and funds in accordance with their own interests and pursuits. In this game, sometimes the socially disadvantaged sectors are lost along the way and scant proportions of resources arrive to the grass-root levels where they live and work. Of course, this is the opposite of the ideal of common good in public-sector social innovation.

Finally, the “community sector” includes all those organizations rooted in communities and households (i.e., associations, clubs, churches, neighbourhood organizations, etc.) that are often sustained by voluntary work and the financial contributions of its members, as well as from other means akin to those used by social-mission organizations (donations, sponsorships, fund-raising parties, etc.). These organizations are commonly referred to as community organizations and may play important parts in social innovations driven by the motivation to improve their communities and households (Leadbeater, 1997).

### **3.3 *Social-forprofit Spectrum***

A tendency towards blurring of traditional sectors in social innovation and entrepreneurship is in action. Increasingly, organizations from one sector are applying methods and

performing activities traditionally associated with other sectors, even if sectors have never had clear-cut demarcations. This has given rise to the identification of various sectoral spectra, concentrating primarily on the spectrum created by the social and forprofit sectors.

Others have even seen the emergence of new economic sectors. Yunus (2009), for instance, believes that “social business will represent a third economic sector alongside the free market and government.” (p.9) Interestingly, the present social sector does not figure in this proposition. Instead, other commentators prefer to speak of a Fourth Sector, to differentiate it from the traditional social, private and government sectors. The organizations in the Fourth Sector would be characterised by (a) pursuit of social and environmental aims and (b) the use of business methods. (FourthSector Network, n.d.(a)) They would supersede the “for-profit corporation” with the new “for-benefit” corporation, i.e., a new class of organizations driven by a social purpose, economically self-sustaining, and socially, ethically and environmentally responsible. In addition, the “for-benefit organizations,” not unlike Yunus’ SB Type 1, “seek to maximize benefit to all stakeholders, and 100% of the economic “profits” they generate are invested to advance social purposes.” (FourthSector Network, N.D.(b)) The first row of Table 3 shows examples of hybrid organizational models belonging to the new Fourth Sector. It is interesting to see that “municipal enterprises” are included since this category belongs to government. The proponents warn that many of the terms “define overlapping activities, reflecting the state of fragmentation in which the emerging landscape finds itself today.” (FourthSector Network, N.D.(b))

Conceptually, the main body of the literature on social innovation and entrepreneurship has not followed the path of a new convergent sector. It has preferred to highlight the organizational “hybridity” resulting from the convergence of purposes and activities between traditional sectors, concentrating primarily on the spectrum created by the social and forprofit sectors. Below, the paper discusses some of the social-forprofit hybrids spectra found in the literature. All these spectra deal with single-organizations and can be differentiated by two interrelated aspects: (a) sectoral emphases and (b) main criteria used to organize the spectrum.

For instance, Emerson (2000) places the emphasis on the forprofit sector and the main criterion used to classify organizations is investment. It proposes the “blended value” theory that sees all corporations and their investments (not just corporations in a new fourth sector) as generating a new type of return that he calls Blended Return on Investment or Blended ROI. Bonini and Emerson (2005), however, introduce the criterion of *intentionality* to distinguish organizations and investors that are intentionally pursuing a blend of economic, social and environmental value and who are positioned somewhere between the nonprofit and forprofit sectors. They identify the existence of about five “silos” of practitioners and investors intentionally pursuing the maximization of blended value. The “silos” are relatively isolated from each other and the organizations belonging to each of them are largely aligned along specific lines of activities, while also maintaining some common characteristics. The second row of Table 3 shows the five “blended value silos” and the same second row also shows the spectrum of investor institutions investing in blended value experiences (Emerson, 2003).

Most authors, however, place the emphasis on organizations that have as their prime mission the creation of social value, i.e., on the social sector. In this approach, the forprofit sector is commonly treated without much distinction regarding the ways in which forprofit companies play in social innovation.

Elkinton and Hartigan (2008), for instance, propose a three-models spectrum for organizations from the social sector (third row of Table 3). These categories are also used by the Schwab Foundation for Social Entrepreneurship to classify the organizations created by its network of social entrepreneurs (<http://schwabfound.weforum.org/sf/SocialEntrepreneurs/Profiles/Abouttheorganizationalmodels/index.htm>). The main criterion used to organize the spectrum is business models with emphasis on resource acquisition, particularly funding. Model 1 is the “leveraged nonprofit,” model 2 is the “hybrid nonprofit,” and model 3 is the “social business.” They all have social and/or environmental goals not addressed by the market, but in model 1, salient characteristics are that they deliver public



goods to the most economically vulnerable without concern for profits, they are change catalysts and they involve multiple external partners in supporting the venture financially, politically, and in kind. In model 2, salient characteristics are that they also serve populations that are excluded or under-served by the market, but do not exclude cost-recovery through profit-making from sales of goods and services. They mobilize funds in various forms (e.g., grants, loans, etc.) from public, private, and/or philanthropic organizations. In so doing, they blend non-profit and revenue-generating for-profit strategies. In model 3 salient characteristics are that they are set up as for-profit entities with the specific mission to drive transformational social and/or environmental change. They seek to make profits to benefit low-income groups as well as to grow the social venture. In this process, they have access to capital markets, particularly, with investors interested in combining social and financial returns. (Elkington and Hartigan, 2008) Clearly, this three-categories spectrum does not see social businesses as hybrids, since the term hybrid is reserved for a single model. At the same time, model 1 is very much the traditional nonprofit operating without earned-income.

Kelly (2009) also offers a three-category spectrum but this time the organizing criterion is the governance or architecture of “for-benefit organizations,” such as those identified earlier in the discussion on the Fourth Sector (see Table 3). The three broad classes proposed are “stakeholder-owned companies,” which put ownership in the hands of nonfinancial stakeholders; the cooperative model is probably the best-known example since it places ownership and control in the hands of the people they serve, who could be customers, producers, employees, etc. The second model is “mission-controlled companies,” which separate ownership and profits from control and organizational direction; their governance allows these companies to be publicly traded while the control is kept in mission-oriented hands. The third and last model is “public–private hybrids,” where profit-driven and mission-driven design elements are combined to create single structures; this model includes both the “for-profit philanthropy” and Yunus’ SB Type 1 seen earlier. Note that Kelly’s three-category spectrum also uses the term “hybrid” for only one of her governance-based categories. In addition, she includes “for-profit philanthropy” and Yunus SB Type 1 in

this single category. Instead, this paper has treated “for-profit philanthropy” as part of the forprofit sector, and Yunus’ SB Type 1 as part of the social sector. Since the concept of “for-benefits organizations” is associated with the idea of Fourth Sector, it is not surprising that this categorization makes no reference to either the forprofit or the social sectors.

<b>Table 3. Hybrid Organizational Forms and Various Spectra in the Social-Forprofit Sectors</b>	
<b>Fourth Sector Hybrids</b> (FourthSector, n.d.)	Chaordic Organizations / Civic and Municipal Enterprises / Community Development Financial Institutions / Cross-Sectoral Partnerships / Faith-Based Enterprises / Non-Profit Enterprises / Sustainable Enterprises / Community Wealth Organizations / Social Enterprises / Blended Value Organizations / Social Economy Enterprises
<b>Blended Value Silos-model social spectrum</b> (Bonini and Emerson, 2005)	Corporate Social Responsibility / Social Enterprise / Social Investing / Strategic-Effective Philanthropy / Sustainable Development
<b>Investor Institutions Spectrum</b> (Emerson, 2003)	Traditional Philanthropy / Venture Philanthropy / Community Debt Financing / Community Development Equity / Angel Investors and Social Venture Capital / Socially Responsible Investment Funds / Traditional Capital Institutions (Banks, Mutual Funds, etc.)
<b>Three-model spectrum of social-sector organizations</b> (Elkinton and Hartigan, 2008)	Model 1 - Leveraged nonprofit (no concern for profits) Model 2 - hybrid nonprofit (some cost-recovery through profit-making) Model 3 - social business (profit-making from the start)

<b>Three-category spectrum of “for-benefit organizations”</b> (Kelly, 2009)	<p>The “for-benefit organization is associated to the Fourth Sector and the categories are governance-based.</p> <p>Model 1 - stakeholder-owned companies (ownership in the hands of nonfinancial stakeholders as in cooperatives.</p> <p>Model 2 - mission-controlled companies (control in mission-oriented hands)</p> <p>Model 3 - public–private hybrids (blended profit-driven and mission-driven)</p>
<b>Hybrid Nonprofit-Forprofit Spectrum</b> Tan et al. (2005)	<p>In the following continuum, the word “person” means legal person (i.e., individual or organization) and all categories involve the participation of society, that is, traditional charitable donations are excluded.</p> <p>Person who attempts to innovatively profit society alone, at risk of personal loss / Person who attempts to innovatively profit society alone, at risk of foregoing personal profit / Person who attempts to innovatively profit society by profiting himself, at risk of incurring personal loss / Person who attempts to innovatively profit society by profiting himself, at risk of forgoing personal profit / Person who attempts to innovatively profit himself by profiting society, at risk of personal loss / Person who attempts to innovatively profit himself by profiting society, at risk of foregoing personal profit</p> <p>Examples: Community-based Enterprises / Socially Responsible Enterprises / Social Service Industry Professionals” / Socio-economic or Dualistic Enterprises</p>
<b>Hybrid Nonprofit-Forprofit Spectrum</b> Nicholls (2008)	<p>“dynamic continuum ordered by the range of available funding structures” from social-sector “voluntary activism” (fully reliant on donated assets and volunteers) to forprofit sector “corporate social innovation” (dedicated social ventures within the context of a private sector organization <i>a la</i> Kanter).</p> <p>In between, a continuum of alternative social organizations based on the proportion of funding self-sufficiency.</p>
<b>Hybrid Nonprofit-Forprofit Spectrum</b> Alter (2007)	<p>(Traditional Non-profit) /</p> <p>(Hybrids) Nonprofit with Income Generating Activities / Social Enterprise / Socially Responsible Business / Corporation Practising Social Responsibility / (Traditional For-Profit)</p>

The last three rows of Table 3 show three spectra of hybrid nonprofit-forprofit organizations. These spectra have similarities and differences between themselves as well as with the classifications seen in previous rows of Table 3. For instance, Tan et al. (2005), include individuals and organizations in their use of “legal person” and their spectra or continuum

follows the criterion or logic of motivation or purpose of the social entrepreneur, namely, whether the primary purpose is to profit society or to profit himself/herself. In turn, Nicholls (2008), structures his spectrum as “a dynamic continuum ordered by the range of available funding structures.” (p.13) This logic sees voluntary activism (fully reliant on donated assets and volunteers) at the social sector extreme, and, corporate social innovation (dedicated social ventures within the context of a private sector organization *a la* Kanter) at the forprofit extreme. In between, Nicholls sees alternative social organizational types ordered according to the proportion of their operations that are self-funded (grant-funded, partially self-funded and fully self-funded).

In the case of Alter (2007), the criterion or logic of the hybrid nonprofit-forprofit spectrum can be described as *the degree to which organizations from the social sector implement motivations and activities that broadly pertain to the main purpose of organizations in the forprofit sector and vice versa*. The last row of Table 3 shows that, for Alter (2007), both the social and the forprofit sectors have non-hybrid extremes (shown within brackets in Table 3) and they do not belong to the hybrid spectrum. Since this paper will pursue a similar logic, it is worth seeing the definitions of Alter’s (2007) hybrid spectrum. These are (1) “nonprofit with income generating activities” (i.e., nonprofit organizations that incorporate some form of revenue generation through commercial means, normally realizing a small proportion of the organization’s overall budget), (2) “social enterprise” (i.e., any business venture created for a social purpose –mitigating/reducing a social problem or a market failure– and to generate social value while operating with the financial discipline, innovation and determination of a private sector business), (3) socially responsible business” (i.e., for-profit companies that operate with dual objectives: making profit for their shareholders and contributing to a broader social good) and (4) “corporation practising social responsibility” (i.e., for-profit businesses whose motives are financially driven, but who engage in philanthropy ... [that] ... helps companies achieve profit maximization and market share objectives while contributing to the public good).

Clearly the review of hybridity spectra just conducted reveals that there can be a variety of social-forprofit hybridity spectra, since there is no single, universally accepted set of

criteria. In this sense, it is more appropriate to talk of *hybridities* rather than just *hybridity* in social innovation and entrepreneurship. As we shall now see, however, not all hybridities offer the same theoretical potential.

#### **4 Critical Role of Hybrid Spectrum Criteria**

Chosen criteria of hybridity play a determinant role since they tend to have a twofold impact. First, they lead to the identification of particular sets of organizational types and spectral orderings. Second, they tend to impose different limitations to efforts to advance the theory of hybridity. This is particularly the case with theoretical efforts to advance our understanding from today's single two-sector spectrum to a multi-sector, multi-spectra framework of analysis. The criterion must hold for all sectors and not just two.

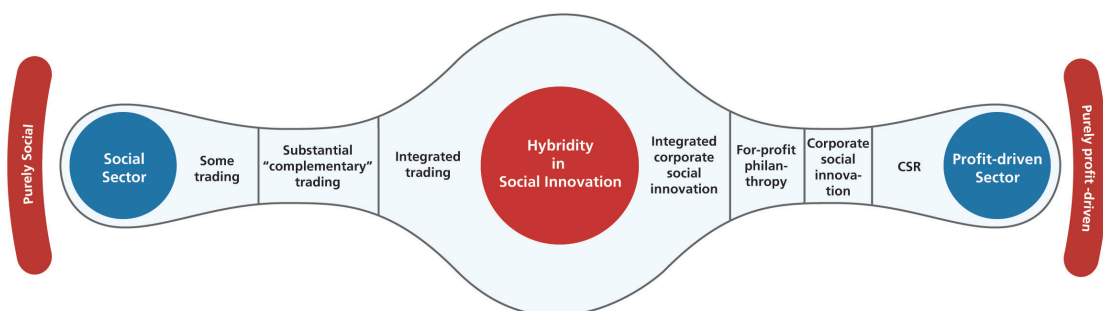
Take for instance Nicholls' hybrid spectrum ordered by "the range of available funding structures." This funding-oriented criterion tends to introduce a social-sector bias, since for social organizations the issue of funding models is really crucial, but this is not the case for organizations in the forprofit sector, since profits are assumed to be their source of self-funding. This is reflected in the fact that Nicholl's spectrum does not really identify a continuum in the forprofit-sector part of the spectrum, only an extreme that's probably the only one to be identified given the profit-based self-funding of all the forprofit sector. Ultimately, it is possible to say that the problem of the funding-oriented logic is that it introduces an ontological inconsistency in the social-forprofit continuum. Thus, while the social sector part of the continuum is structured around the criterion of fund acquisition (income or input), the forprofit sector part of the continuum is either not a continuum at all, as in the case of Nicholls (2008), or it is structured around the criterion of fund investment (expenditure or output) as in the case of Emerson (2003) and Bonini and Emerson (2005). Instead, what is required is a criterion that maintains an ontological uniformity across the social-forprofit spectrum and, indeed across all spectra resulting from the combination of all sectors being considered, for instance, social, forprofit, public and community sectors. Take, for instance, the application of the funding-oriented criterion to the public sector.

A similar limitation as for the forprofit sector tends to apply, since organizations in the public sector are traditionally seen as public-tax-funded with governments as an investor rather than a recipient of funding in social innovation. True, in the case of international aid, governments can also be the recipients of funds destined for social transformation (regardless of whether the latter eventually happens or not).

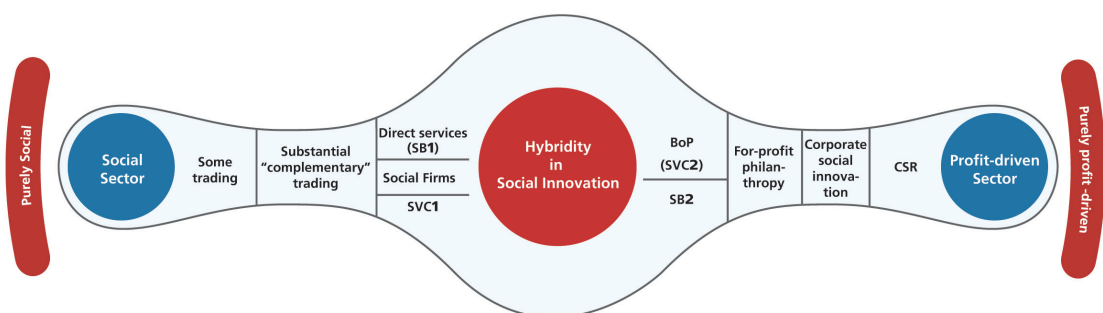
In this paper, the preferred criterion is not primarily funding, but above all, the purposes, motivations and activities played by organizations participating in processes of social innovation. In this respect, the best option is offered by the implicit criterion found in Alter's (2007) social-forprofit spectrum, namely, *the degree to which organizations from the social sector implement motivations and activities that broadly pertain to the main purpose of organizations in the forprofit sector and vice versa*. Here, however, the application of this criterion to the various organizational categories identified in the previous discussion leads to a more detailed social-forprofit spectrum, particularly regarding the forprofit half of the spectrum. Table 4 and Figures 1a and 1b show the resulting new spectrum "helix."

<b>Table 4. Hybrid Social-forprofit Sectors Spectrum</b>	
<b>SOCIAL ORGANIZATIONS</b>	<b>FORPROFIT ORGANIZATIONS</b>
Some trading (Small amount of trading to support social value activities)	Corporate social responsibility (CRS) (supporting activities of social value with little or no relation to core strategic activities of the corporation) Some CRS (no alignment between social activity and company value-added activities) Corporate philanthropy (alignment between social activity and improvement of competitive context)
Substantial "complementary" trading (It produces surplus to cross-subsidize social activities)	Corporate social innovation (tackling social problems strategically aligned with corporation's products/processes/ services)
-	For-profit philanthropy (full company division tasked with philanthropic goals, with direct access to the resources of all other divisions)
Integrated trading: "direct" or "affirmative" (The trading operation itself creates the social value. It can be "direct services" or "social firms"). "Social business" Type 1 ( <i>"non-loss, non-dividend business"</i> ).	Integrated corporate social innovation (tackling social problems implying systemic innovation of one or multiple corporation's products and business model, e.g., bottom-of-pyramid) "Social business" Type 2 (poor-owned profit-making concern).

Figure 1a shows the traditional non-hybrid social and forprofit organizations outside the hybrid helix (similarly to Alter's (2007) model). Then, while Alter (2007) distinguishes two generic categories per sector, the model in Figure 1a distinguishes three generic categories in the social sector and 4 generic categories in the forprofit sector. In addition, Figure 1b expands the detail of the generic category "integrated services" in the social sector and that of "integrated corporate social innovation" in the forprofit sector. Thus, there are three subcategories of "integrated services": "direct services," of which Yunus' "social business type 1" is a particular case, "social firms," and "social venture capital type 1." In turn, there are two subcategories of "integrated corporate social innovation": "bottom of the pyramid" businesses, of which "social venture capital type 2" is a particular case, and Yunus' "social business type 2." The category "corporate social responsibility (CSR)" in the forprofit sector can also be subdivided into two sub-categories: "some CSR" and "corporate philanthropy." Figures 1a and 1b illustrate the more detailed characterization of social-forprofit hybridity resulting from the application of the selected criterion. In particular, the helix-shaped spectra incorporate the various types of hybrid organizations identified in the analysis of the literature.



**Figure 1a. Helix of Hybrid Social-forprofit Sectors Spectrum**



**Figure 1b. Helix of Hybrid Social-forprofit Sectors Spectrum - Expanded "Integrated" Category**

Furthermore, it is possible to suggest that the same selected criterion facilitates the tackling of one of the most important theoretical challenges facing the issue of hybridity in social innovation. This is the expansion of the analysis of hybridity from a two-sector, single spectrum analysis to a multi-sector, multi-spectra analysis. For instance,

this two dimensional spectrum requires additional dimensions to capture the full richness of social entrepreneurship. First a public sector dimension needs to be added that recognizes institutional innovation such participatory budgets or carbon exchanges. (Nicholls and Young, 2008, p.13)

It is not the purpose of this paper to follow this line of theoretical development. It suffices to indicate that for a multi-sectoral, multi-spectra analysis, the criterion identified above must evolve from a social-forprofit criterion to a more general criterion able to cover other sectors as well. The resulting general criterion would read as follows: *the degree to which organizations of one sector implement motivations and activities that broadly pertain to the main purpose of organizations in another sector.*

## **5 Conclusions**

This paper has sought to understand more deeply the nature of social innovation and entrepreneurship, with particular reference to the important issue of inter-sectoral hybridity. This has included, first, a very brief review of relevant literature discussing the concepts of social innovation and entrepreneurship. This set the scene for the main section examining in-depth the issue of hybridity.

The main section dealt with organizational hybrids from both the social and the forprofit sectors. It also examined various existing conceptual spectra of social-forprofit hybridity, identifying, on the one hand, the fundamental criteria defining the construction of each of the spectra and, on the other, the fact that there is no single, universally accepted set of criteria. In the latter sense, it is more appropriate to talk of *hybridities* rather than just *hybridity* in social innovation and entrepreneurship.

The final section identified the criterion most appropriate for the purposes of this paper and applied it to the construction of a new more detailed social-forprofit spectrum. The



selected criterion reads as follows: *the degree to which organizations from the social sector implement motivations and activities that broadly pertain to the main purpose of organizations in the forprofit sector and vice versa*. All the hybrid organizational types found in the review of literature are incorporated into this new spectrum that, graphically, has become the “helix of hybrid social-forprofit sectors spectrum.”

As a suggestion for further research, the paper has then generalized the selected hybrid criterion to make it sector-independent. The resulting generalized criterion of hybridity is as follows: *the degree to which organizations of one sector implement motivations and activities that broadly pertain to the main purpose of organizations in another sector*. It is hypothesized that this new general criterion of hybridity offers a potentially useful avenue to expand the analysis from a two-sector, single-spectrum to a multi-sector, multi-spectra hybridity, while maintaining inter-sectoral consistency. Clearly, further theoretical and empirical research work is necessary to prove the usefulness of the proposed new general criterion of hybridity in social innovation. In particular, multi-sector, multi-spectra empirical cases are required to see whether it holds, needs to be adapted, modified, replaced or even discarded.

The purpose here is limited to offer a path that may enable the field of social innovation and entrepreneurship to go beyond the limits of the single-organization, single two-sector spectrum of hybridity. This step is crucial to advance towards other major theoretical challenges such as (a) the analysis of inter-organizational hybridity at the level of the strategic networks or alliances often found in processes of social innovation and entrepreneurship, and (b) the analysis of dynamic hybridity, that is, the potential shifts in purpose, content, relations and governance that may occur in the evolution of inter-organizational alliances involving multiple sectors. Of course, the latter problem also raises the issue of understanding the forces and factors at operation in the shaping of specific processes of dynamic hybridity.

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